

Message Text

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71

ACTION ARA-20

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SUBJECT: PRESIDENTIAL STATEMENT ON PETROLEUM REVERSION

1. PRESIDENT CARLOS ANDRES PEREZ ANNOUNCED THIS EVENING THAT HE HAS DECIDED, WITH UNANIMOUS SUPPORT OF CABINET AND IN FULLFILLMMENT OF MANDATE OF VENEZUELAN PEOPLE, TO PROCEED IMMEDIATELY TO TAKE BACK PETROLEUM CONCESSIONS THAT OTHER WISE WOULD NOT REVERT UNTIL DECADES OF 80'S AND 90'S. HE GAVE NO TIME TABLE FOR IMPLEMENTATION, HOWEVER, MERELY ASKING THAT SPECIAL COMMISSION ON PETROLEUM REVERSION, MEMBERS OF WHICH HE SWORE IN JUST PRIOR TO HIS ADDRESS, WORK AS FAST AS POSSIBLE. IT WAS PREVIOUSLY ANNOUNCED THAT COMMISSION WOULD HAVE MAXIMUM OF 6 MONTHS TO COMPLETE ITS WORK. THUS, TIMING OF REVERSION REMAINS UNCHANGED.

2. MOST IMPORTANT PORTION OF PRESIDENT PEREZ' ADDRESS WAS HIS DESCRIPTION OF DECISION TAKEN BY GOVERNMENT ON FORM THAT PETROLEUM INDUSTRY WILL TAKE AFTER REVERSION. HE SAID THAT STRUCTURE OF INDUSTRY WILL BE AS DESCRIBED IN CARACAS 2611. THREE MAJOR OIL COMPANIES WILL HAVE THEIR STRUCTURE PRESERVED INTACT (CREOLE, SHELL, AND MENE GRANDE (GULF)) AND REMAINING COMPANIES

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WILL BE MERGED INTO A FOURTH COMPANY. GOVERNMENT WILL CREATE

A "HOLDING COMPANY," A NATIONAL PETROLEUM ENTERPRISE, THAT
WILL BE ABOVE THE COMPANIES AND EXERCISE CONTROL OVER THEM.
ASSETS OF OIL COMPANIES WILL PASS TO OWNERSHIP OF STATE, WITH
COMPENSATION AT NO MORE THAN NET BOOK VALUE. THUS, PEREZ SAID,
GOVERNMENT IS TAKING OVER NOT THE OIL COMPANIES BUT THEIR ASSETS.
HE GAVE APPROPRIATE ASSURANCES THAT RIGHTS OF WORKERS AND EMPLOYEES
WILL BE SAFEGUARDED IN PROCESS.
MCCLINTOCK

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